

295 - RETIREE MEDICAL INTERNAL SERVICE FUND

Operational Summary

Description:

The Retiree Medical Internal Service fund (ISF) provides for benefits under the Retiree Medical Insurance Program. Benefits include a monthly retiree medical grant to be applied to the health premiums of eligible retirees, and a lump sum cash benefit to separated employees not eligible to retire.

Strategic Goals:

- Fund 295 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

FY 2004-05 Key Project Accomplishments:

- Per recommendation of the CEO and approval of the Board of Supervisors, a total of \$2 million from Fund 295 was utilized to cover part of the Retiree Medical Grant cost for FY 04-05. An additional \$3 million from Fund 295 will be used for the same purpose in FY 05-06. In addition, the portion of the 1% employee payroll deduction that is being used to offset part of the cost of the Grant was increased from 50% to 75% starting in pay period 23 of 2004.

Ten Year Staffing Trend Highlights:

- This Internal Service Fund has no positions.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Fund 295 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

At a Glance:

Total FY 2004-2005 Actual Expenditure + Encumbrance:	19,638,274
Total Final FY 2005-2006	61,047,611
Percent of County General Fund:	N/A
Total Employees:	.00

Changes Included in the Base Budget:

The Retiree Medical Insurance Program Grant funding is higher compared to FY 04-05 based on increases in the number of retirees and increases in the monthly Retiree Medical Grant as a result of higher health premium costs. A total of \$3 million from Fund 295 will be utilized to fund a portion of the Retiree Medical Insurance Program Grant per directions from the CEO and Board of Supervisors.

The Retiree Medical Lump Sum expenses are higher compared to FY 04-05. This was actuarially anticipated as years pass and salaries of terminating employees are higher than they were in 1993 when the program was implemented (employee 1% contributions began).

295 - Retiree Medical Internal Service Fund

Operation of Internal Service Fund Operational Statement for the Fiscal Year 2005-2006

Operating Detail		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
		Actual	Actual	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
OPERATING INCOME					
7710	Insurance Premiums	19,565,047	17,617,280	20,270,624	20,270,624
	Total Operating Income	19,565,047	17,617,280	20,270,624	20,270,624
OPERATING EXPENSES					
Services & Supplies					
1800	Office Expense	180	274	32,000	32,000
1806	Printing Costs - Outside Vendors	6	0	0	0
1900	Professional and Specialized Services	123,758	80,404	301,620	301,620
1911	CWCAP Charges	68,042	71,129	81,840	81,840
	Total Services & Supplies	191,986	151,807	415,460	415,460
Other Charges					
3510	Other Charges - Operating	15,120,954	19,449,032	60,581,043	60,581,043
	Total Other Charges	15,120,954	19,449,032	60,581,043	60,581,043
	Total Operating Expenses	15,312,940	19,600,839	60,996,503	60,996,503
	Net Operating Income (Loss)	4,252,107	(1,983,559)	(40,725,879)	(40,725,879)
NON-OPERATING REVENUE					
6610	Interest	444,046	898,827	1,187,679	1,187,679
7670	Miscellaneous Revenue	20,091	19,114	0	0
	Total Non-Operating Revenue	464,137	917,941	1,187,679	1,187,679
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	38,672	37,436	51,108	51,108
	Total Non-Operating Expenses	38,672	37,436	51,108	51,108
	Net Non-Operating Income (Loss)	425,465	880,505	1,136,571	1,136,571
	Income (Loss) Before Contributions & Transfers	4,677,572	(1,103,053)	(39,589,308)	(39,589,308)
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED					
	Income (Loss) Before Contributions & Transfers	4,677,572	(1,103,053)	(39,589,308)	(39,589,308)
7811	Interfund Transfers In - from Funds 101-199	0	1,978,624	0	0
	Increase (Decrease) in Net Assets - Unrestricted	4,677,572	875,571	(39,589,308)	(39,589,308)
	Net Assets - Unrestricted - Beginning of Year	33,880,818	38,558,390	39,589,308	39,589,308
	Net Assets - Unrestricted - End of Year	38,558,390	39,433,961	0	0

Final Budget History:

Sources and Uses	FY 2003-2004	FY 2004-2005	FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual Exp/Rev	Budget As of 6/30/05	Actual Exp/Rev ⁽¹⁾ As of 6/30/05	Final Budget	Actual Amount	Percent
Total Revenues	53,910,001	61,150,144	59,072,235	61,047,611	1,975,376	3.34
Total Requirements	15,351,611	61,150,144	19,638,274	61,047,611	41,409,337	210.86
Balance	38,558,390	0	39,433,961	0	(39,433,961)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2004-05 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Retiree Medical Internal Service Fund in the Appendix on page page 669

Highlights of Key Trends:

- The Retiree Medical Insurance Program Grant funding is higher compared to FY 04-05 based on increases in the number of retirees and increases in the monthly Retiree Medical Grant as a result of higher health premium costs. A total of \$3 million from Fund 295 will be utilized to fund a portion of the Retiree Medical Insurance Program Grant per directions from the CEO and Board of Supervisors.
- The Retiree Medical Lump Sum expenses are higher compared to FY 04-05. This was actuarially anticipated as years pass and salaries of terminating employees are higher than they were in 1993 when the program was implemented (employee 1% contributions began).